GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2484
ANSWERED ON:07.12.2012
BANK LOAN FOR DEVELOPMENT OF AGRICULTURAL SECTOR
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has formulated any guideline schemes for public and private sector banks for providing loan for development of agricultural sector; and

(b) if so, the details thereof along with the rate of interest being charged by the said banks on such loans, bank-wise and scheme-wise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): In terms of Reserve Bank`s extant guidelines on lending to priority sector, a sub-target of 18 percent of ANBC or Credit Equivalent amount of OBE, whichever is higher, as on March 31 of the previous year, has been mandated for lending to agriculture sector. Within this sub- target of 18 percent, 13.5% of ANBC or Credit Equivalent amount of OBE, whichever is higher, as on March 31 of the previous year, has been mandated for direct lending to agriculture sector.

The Government of India has been fixing the targets for agriculture credit by the banking sector every year. The targets and achievements made under credit flow to Agriculture sector by commercial banks, Cooperative banks and RRBs for the last three years are furnished as under:

(Amount in Rs. Crore)

Year	Target	Achievement
2009-10	3,25,000	3,84,514
2010-11	3,75,000	4,46,778
2011-12	4,75,000	5,11,029

As may be seen from the above, banks have been over achieving the targets of agriculture lending every year. For the year 2012-13 target of Rs.5,75,000 crore has been fixed for disbursement of loans to agriculture and allied activities.

(b): The Interest Subvention Scheme is being implemented by the Government of India since 2006-07 to make short-term crop loans upto Rs. 3 lakh for a period of one year available to farmers at the interest rate of 7 percent per annum. The Government of India has since 2009-10 been providing additional interest subvention to`prompt payees farmers, i.e., those who repay their loans in time. The additional subvention was 1% in 2009-10, 2% in 2010-11 and 3% in 2011-12. Further, in order to discourage distress sales, the benefit of interest subvention was made available in the year 2011-12 to small and marginal farmers having Kisan Credit Card for a further period of up to six months post harvest on the same rates as available to crop loans against negotiable warehouse receipts for keeping their produce in warehouses. The Interest subvention Scheme for the year 2011-12 has been continued in 2012-13 as well.